



Purchasing Overview

Department of Administration

Division of Purchase and Contract

House Select Committee on E-Procurement

October 26, 2011

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Purpose of State Procurement

- Core purpose of government → Spend taxpayers' money wisely
- Assure the procedural regularity and substantive value of each purchase



Authority

P&C – State government, or any of its departments, institutions or agencies

Statewide IT Procurement – All information technology for State agencies



Exceptions to Centralized Purchasing Authority

- Judicial Branch
- Legislative Branch
- UNC System
- Community Colleges
- Construction contracts
- DOT - Road Building Materials
- Specific Legislative Exceptions
- Agency Delegations



Prime Principle – Open and Neutral Competition

- Small purchases – less than \$5,000
- General agency delegation – between \$5,000 and delegation limit
- Significant Purchases – greater than delegation amount

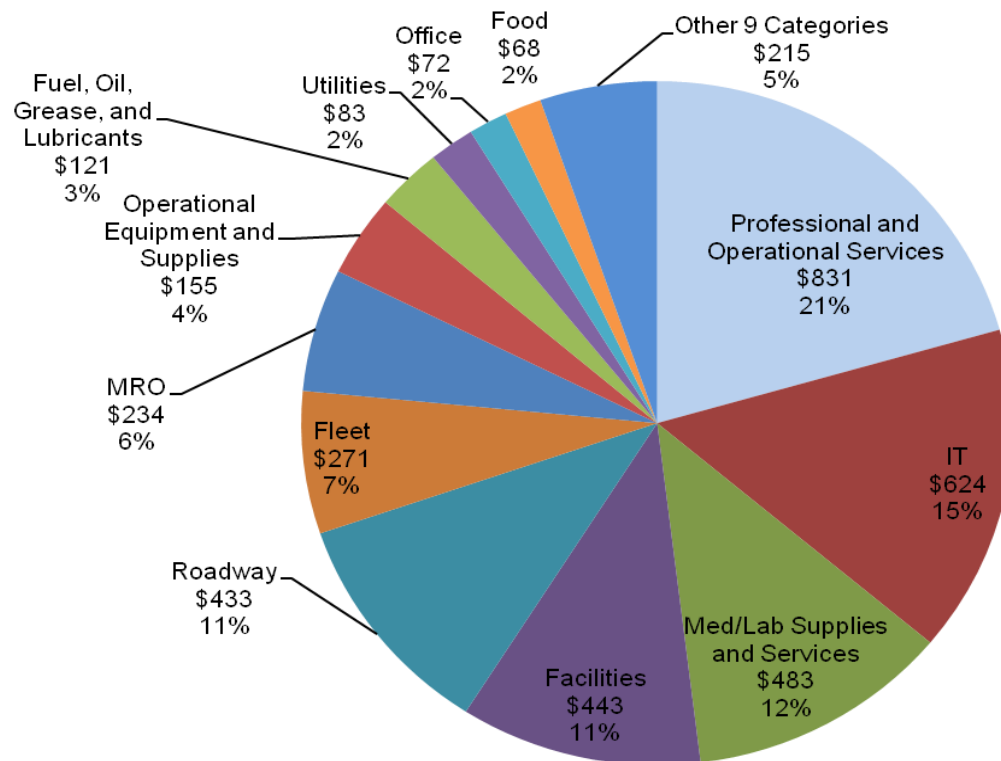


The Procurement Process

- Sourcing
- Solicitation and Bids
- Waivers of Competition
- Standard Terms and Conditions
- Compliance
- Protests



State Spend on Goods and Services



Data based on 3rd party analysis of invoices paid from e-procurement and direct pay sources.



Procurement Transformation Project

- Policies and Procedures
- Organization and Staffing
- Training
- Strategic Sourcing
- Contract Monitoring and Management
- Governance and Communications
- Technology Improvements?



Vision Statement

Create a customer-focused enterprise to achieve increased procurement effectiveness, efficiency, and compliance resulting in significant financial benefit for taxpayers by reducing the costs of acquiring goods and services.



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North Carolina e-Procurement System



Electronic Procurement System:

The technology that supports the services

- **Ariba Buyer (electronic purchase orders)**
- **e-Quote marketplace**
- **Vendor Registration**
- **IPS (Interactive Purchasing System) – RFP/IFB posting**



System Usage

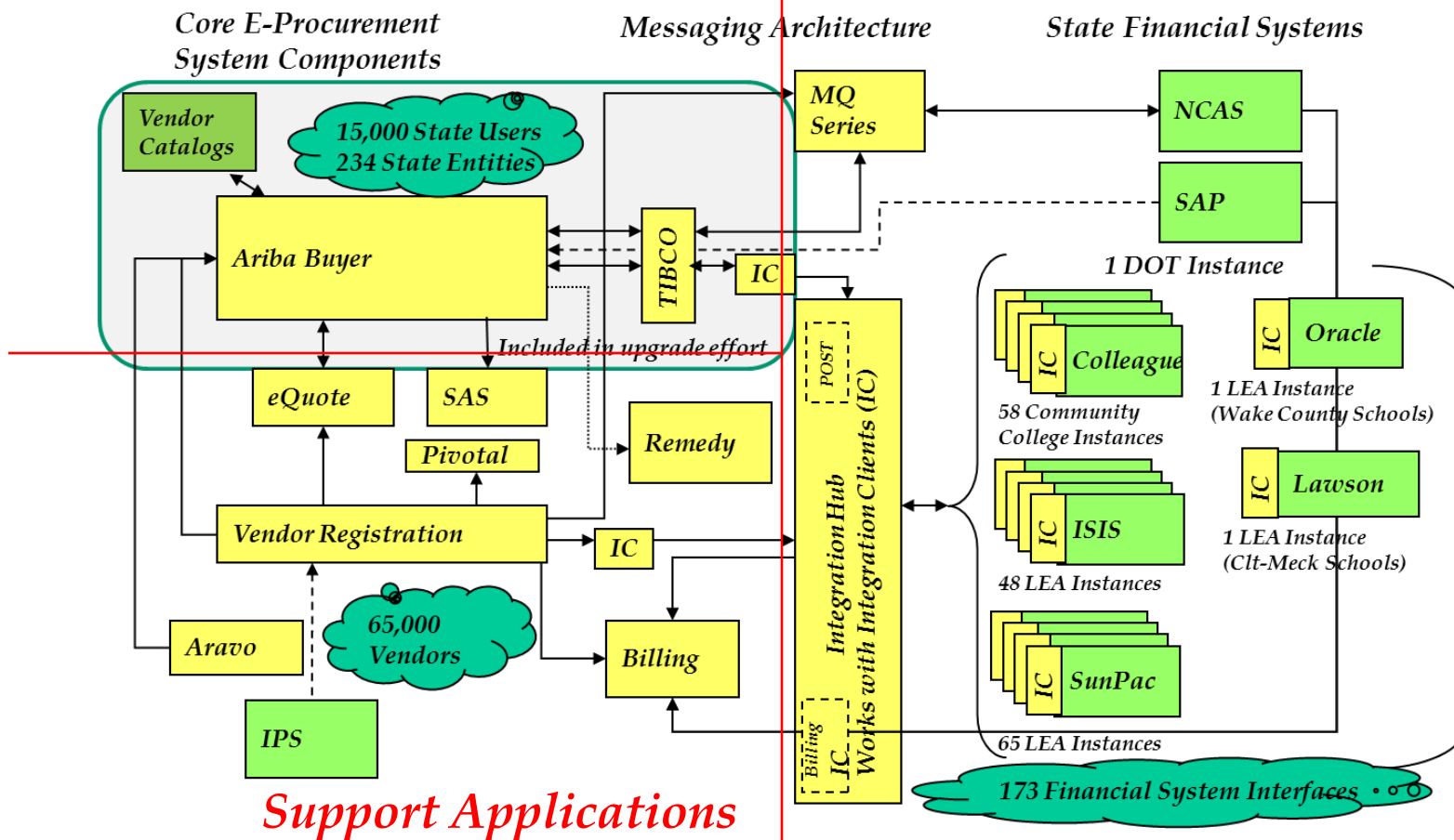
- **234** different NC entities now use E-Procurement
 - **30** state agencies
 - **16** institutions and hospitals
 - **58** community colleges
 - **115** K-12 local school systems (LEAs)
 - **15** local governments
- More than **14,000** total users
- More than **60,000** registered vendors



System Diagram

Ariba

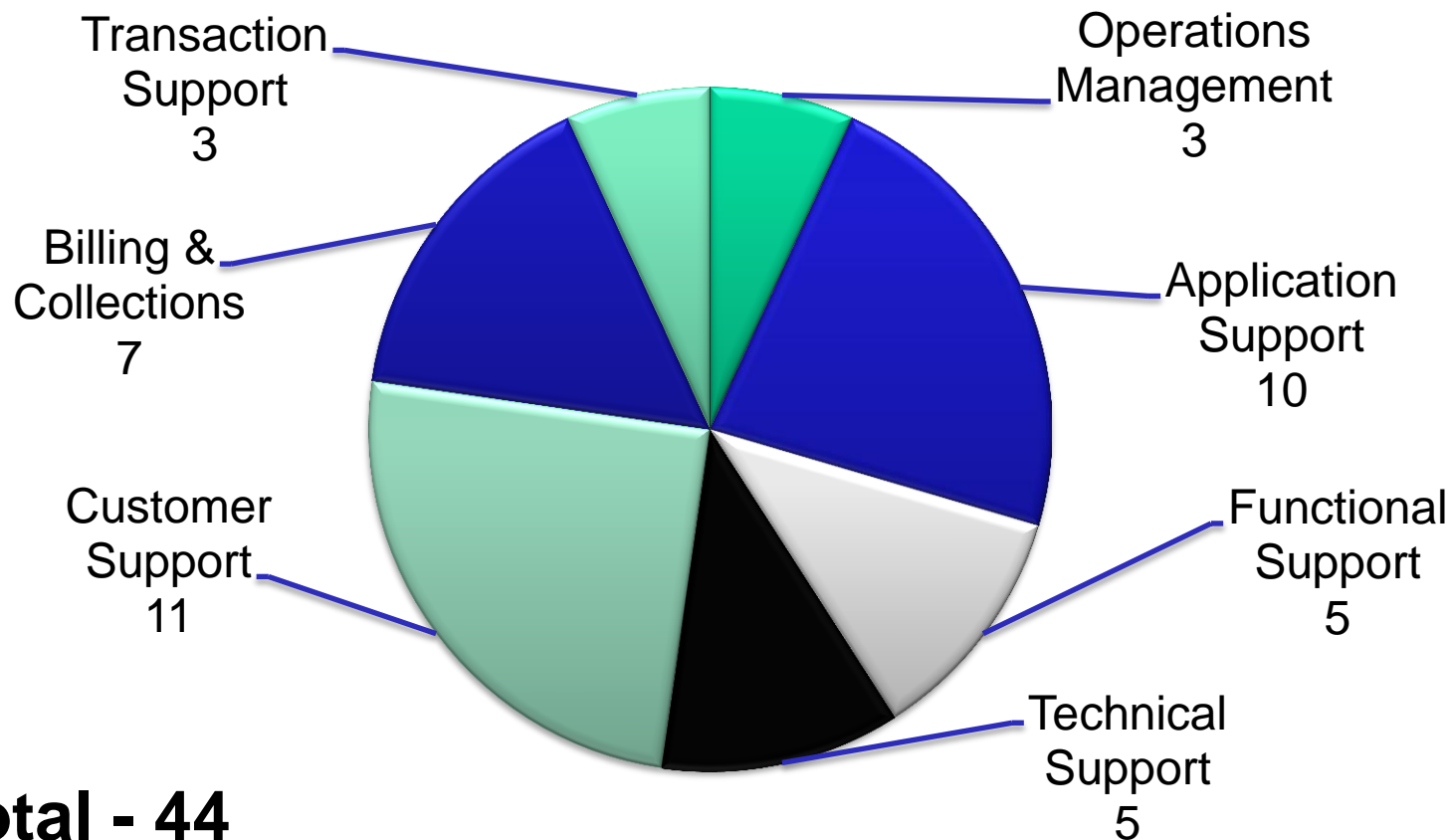
Interfaces



Support Applications



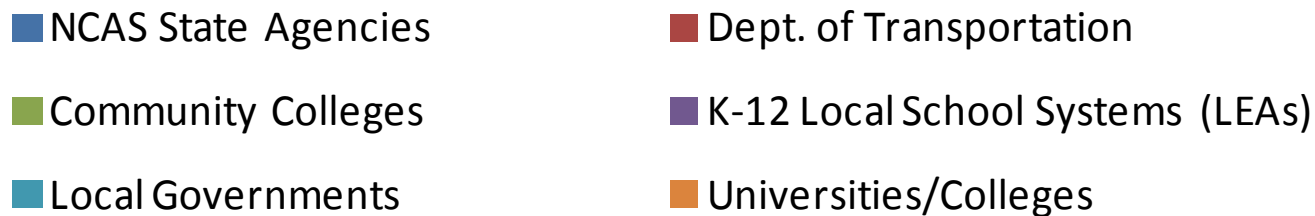
Contract Support for e-Procurement Operations



Total - 44



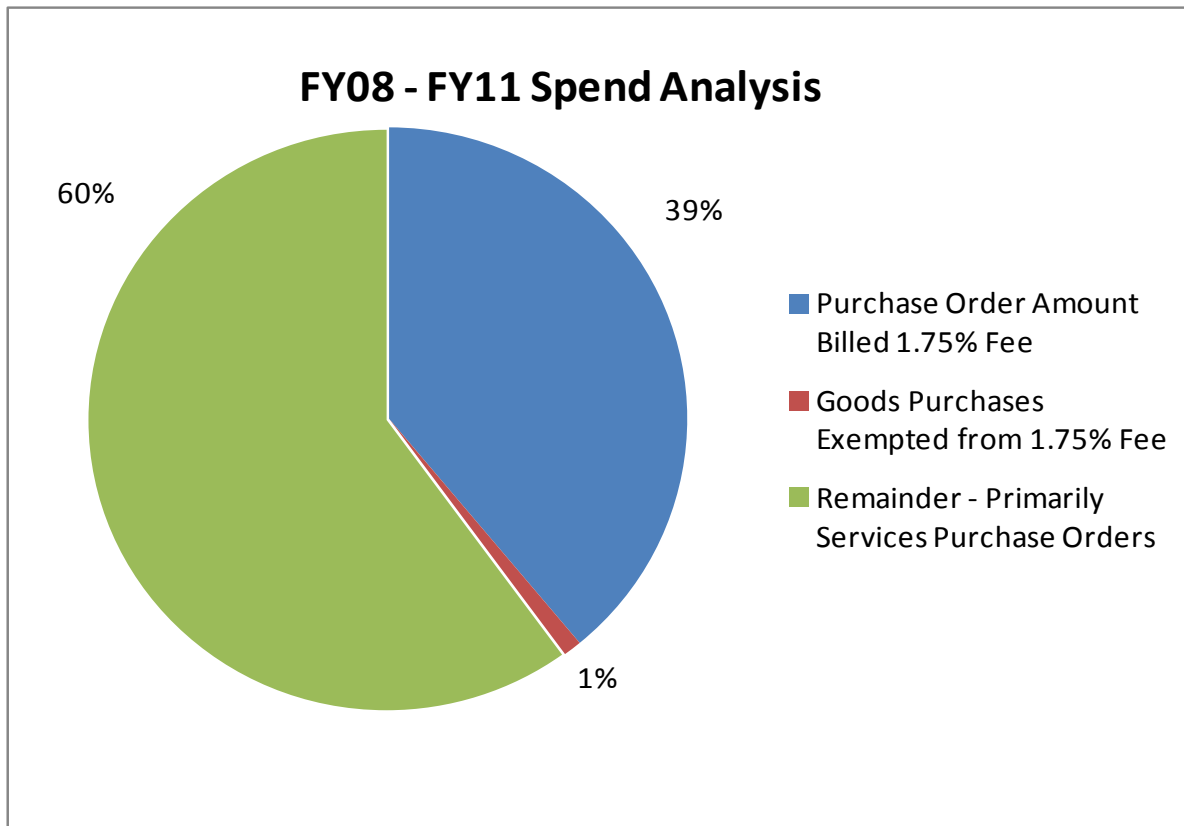
NC E-Procurement Spend FY08-FY11





Transaction Fee – 1.75% on Goods Only

< 40% of total spend





Ariba Upgrade Benefits

- *Latest Software Version with Best Practices Built In*
- *New State of the Art Hardware and Operating System Environment*
- *Lower Total Cost of Ownership (TCO)*
- *Workflow & Process Optimization*
- *Enhanced Spend Visibility and Usage of State Term Contracts*
- *National Institute of Government Purchasing (NIGP) Commodity Code Update*
- *North Carolina Identity Management Interface (NCID)*